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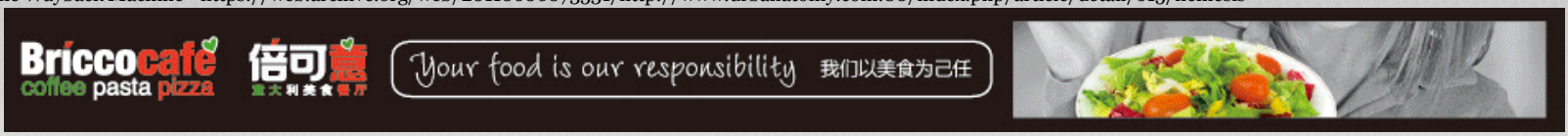

Nemesis

by nickland @ Friday, 03 June 2011 15:15

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Betting everything that the casino will burn down

Harold Camping's Family Radio warned its listeners to expect some unusually dramatic spring events:

By God's grace and tremendous mercy, He is giving us advanced warning as to what He is about to do. On Judgment Day, May 21st, 2011, this 5-month period of horrible torment will begin for all the inhabitants of the earth. It will be on May 21st that God will raise up all the dead that have ever died from their graves. Earthquakes will ravage the whole world as the earth will no longer conceal its dead (Isaiah 26:21). People who died as saved individuals will experience the resurrection of their bodies and immediately leave this world to forever be with the Lord. Those who died unsaved will be raised up as well, but only to have their lifeless bodies scattered about the face of all the earth. Death will be everywhere.

Clearly, prediction can be a perilous business.

Yet, as Karl Popper noted with respect to scientific theories, falsifiable predictions also serve a valuable – even indispensable – purpose. Any model of reality that is able to make specific forecasts earns a credibility that vaguer 'world-views' are not entitled to, although at the price of radical vulnerability to devaluation, should its anticipations prove unfounded.

Much like Marxism, the Libertarianism of Austrian School economic theory combines historical expectations (of greater or lesser exactitude) with a core of philosophical, political, and even emotional commitment that is comparatively immunized against empirical refutation. Both Marxism and Austrolibertarianism are large, highly variegated ideologies, with complicated histories, expressing profound discontent with the dominant order of the modern world, and prone to utopian temptations. Both are (often indignant) moral-political doctrines extrapolated in very different ways from Lockean natural-law property rights (to one's own body and its productive activity). Both attract a wide spectrum of followers, from sober scholars to wild-eyed revolutionary advocates, who see in the unfolding drama of history the possibility of definitive vindication (much as the faithful of millenarian theologies have always done, and – as the Camping case demonstrates – continue to do).

The Western roots of both Marxism and Austrolibertarianism reach down into Jewish redemptive eschatology and Greek tragedy (it is perhaps noteworthy that Karl Marx and Ludwig von Mises shared intriguing biographical features, including highly-assimilated

German-Jewish backgrounds, steeped in European high-culture). Statist-Capitalism is portrayed as t
antihero of an epic narrative, describing a sustained violation of justice that finds itself held accour
moment giving meaning to history, and a seemingly unconstrained hubris that meets its eventual n
low, through a crisis whose mere prospect offers overwhelming psychological satisfaction, and thu
attachment.

Since the 1980s, Marxism has tended to retreat from the predictive mode. Its enthusiasts no doubt
prospect of a terminal crisis of capitalism, perhaps even an imminent one, but Marxist prophecy se
today, even under conditions of unusual global economic dislocation. The Austrolibertarians, on th
out onto a prophetic branch – possibly despite themselves – with incalculable consequences for the
fundamental assumption, that governments are by essence incompetent and unqualified to run the
by advanced economies, leads them to an almost inescapable conclusion: hyperinflation.

Hyperinflation might be the sole economic example of a true singularity: a hyperbolic approach to
producing a punctual discontinuity. When hyperinflation strikes, it escalates rapidly towards a hard
economic sphere, it is the unsurpassable example of regime incompetence. How could Austrolibert
inclinations are matched only by their disdain for political authority – not be irresistibly attracted to

John Williams' Shadow Government Statistics blog is not easily characterized as hardcore Austrolibe
himself as a "conservative Republican with a libertarian bent"), but the prognosis outlined carefully
Report (2011) exemplifies the tendency to predict imminent nemesis for command-control monetary
wholeheartedly to the Austrian certitude that 'kicking the can' (up the road) – the central feature of
policy – guarantees eventual catastrophe, and 'eventual' just got a whole lot closer. Nemesis is com

*Both the federal government and the Federal Reserve have demonstrated that they will not tolerate
great deflation, as seen during the Great Depression. … those risks are being fought, and will be fo
covered by the unlimited creation of new money. It was a devil's choice, but the choice has been ma
interventions, and formal measures to debase the U.S. dollar through the effective unlimited creati
needs and the government's obligations, pushed the timing of a systemic collapse — threatened in
years into the future. The cost of instant salvation, though, was inflation. Eventual systemic collaps
but it will be in a hyperinflationary great depression, instead of a deflationary one.*

Williams isn't afraid to lock down some dates, with 2014 proposed as the outer limit of possibility -

*At present, it is the Obama Administration that has to look at abandoning the debt standard (hype
Yet, the Administration and many in Congress have taken recent actions suggestive of hoping only
reckoning for the economic and systemic solvency crises until after the 2012 presidential election.*

As he elaborates:

*Actions already taken to contain the systemic solvency crisis and to stimulate the economy (which h
should be renewed devastating impact of unexpected ongoing economic contraction on tax revenue
much earlier crisis. Risks are high for the hyperinflation beginning to break in the months ahead; i
beyond 2014; it already may be beginning to unfold.*

*It is in this environment of rapid fiscal deterioration and related massive funding needs that the U..
rapid and massive decline, along with a dumping of domestic- and foreign-held U.S. Treasuries. The
forced to monetize further significant sums of Treasury debt, triggering the early phases of a mone*

*Under such circumstances, current multi-trillion dollar deficits would feed rapidly into a vicious, se
debasement and hyperinflation. With the economy already in depression, hyperinflation kicking in
economy into a great depression, since disruptions from uncontained inflation are likely to bring no
halt.*

What happens next is anyone's speculation.

The hyperinflationary destruction of the world's reserve currency would be a decisive event. The m
occurrence divides the set of potential futures between two tracks. On one, in which the US Dollar (
Austrolibertarian alarmism is humiliated, the economic competence of the US government is – broa
the principles of fiat currency production and central banking are reinforced, along with their natur
Keynesian anti-deflationary macroeconomists. On the other, the Austrolibertarians dance in the ash

metals replace fiat paper, central banks come under withering political attack, and the economic ro
subjected to a major onslaught by energized free-marketeers. At least, that's what a just universe,

Betting on a just universe could be the big mistake, however – and that's a temptation the morally-
grand narrative finds hard to avoid. In a morally indifferent universe, Nemesis is non-redemptive, a
Pascal's wager, with downside on every side. Make a brave prediction of hyperinflation, and you eit
neo-Keynesians, greater indebtedness, and fatter government on the one hand, or some yet uncons
totalitarian horror on the other. (It's noteworthy that a tour through the history of post-hyperinflati
through many examples of *laissez-faire* commercial republics.)

So is the dollar going to die? -- Quite possibly. Then things could *really* turn nasty – more Harold C
Mises: "lifeless bodies scattered about the face of all the earth. Death will be everywhere."

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